WORKERS OF THE WORLD. UNITE

THE MILITANT

Weekly Organ of the Communist League of America [Opposition]

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Green and Co. at Vancouver

A.F. of L. Officialdom Continues to Serve Its Master

Delegates to the fifty-first annual A. F. of L. convention had to travel all the way to Vancouver B. C. to re-affirm its "time honored" reactionary policy of completely indorsing all the views of the aristocracy of finance as at present expressed by the Hoover administration.

The only serious proposal, which could really be considered in the interest of labor, to come before this body, namely, the proposal for unemployment insurance, was rejected. No wonder the New York **Times** could take great comfort in this decision and say editorially:

"The action at Vancouver might well serve as an example of steadfastness and intelligent self-interest to nervous business men who have been behaving and talking as if the end of this familiar American world of opportunity, courage, energy and enterprise were here. They ought to be willing to wait a little while longer before throwing up their hands and calling for revolutions and miracles"

The A. F. of L. convention called neither for miracles nor for revolution. It was obsessed by only one idea—to strengthen the foundation pillars of hard pressed bourgeois society. It had to be done this time in a language interspersed with remarks somewhat foreign to this coterie of high salaried officials. But that was only an effort to deceive the workers into helping ram these pillars more securely with their own heads.

With all the old slogans of bourgeois prosperity, of the full dinner pail, vanished into oblivion, a new language had to be adopted. This fact gives a different connotation to the apparently radical passages in Mr. Green's opening address, such as: "Because of this dislocation of our economic structure, because there is suffering in a land where plenty exists in abundance, men and women who are the victims possess inquiring minds . . . They are asking questions that are difficult to answer. They are wondering whether the system itself set up by society in every nation has failed . . . We may well ask the question, has capitalism failed?"

We could well answer: "Surely Mr. Green, it has failed miserably!" But he did not stop for an answer and did not seek one. He proceeded to show that he also had learned the art of calling the wolf to gain his own ends He continued: "But I warn these people who through force and domination and dictatorship and brutality, exploit the masses of the people, forcing them down and down to the lowest depths of despair, that they can only drive them so far, and then they will turn eventually and rend those who do it."

This was not at all spoken to the working class. Nor did it intend the working class to carry out the conclusion therefrom. It was the gang boss' plea to the master not to exact too much for fear that those he was to hold in subjection may turn upon him. The convention actions furnish conclusive proof of this contention.

Held in a period of the most serious crisis of capitalism, with millions walking the streets in vain search for work, and the masters without the slightest regard or scruples utilizing this opportunity to hammer down the standard of living, cutting wages right and left, the convention exuded eloquence but took not one single measure toward working class resistance. This convention kept the record of the A. F. of L. officialdom being more reactionary than socalled capitalist liberals. Although a rather strong section favored unemployment insurance the convention declared it "unsuited to our political and economic requirements". Instead it asked for more and better charity from capitalism and solemnly resolved to ask each employer to take on additional workers. Could the most hard boiled exploiter ask for anything better? The convention supported the Wall Street imperialists in their demand that before they be asked to forego any "just claims", meaning war debts, Europe be compelled to reduce armaments—not the United States. It went on record for extension of the ban on immigration. The convention rejected a proposal to defy anti-abor injunctions. And to cap the climax of this burlesque labor gathering the demand for 2.75 per cent beer went over with a whoop.

The executive council did not fail this time either to submit the traditional absurd review of favorable legislation gained by labor. 15 labor laws passed by Congress was the record claimed among which we notice such two as—modernization of three battleships at a cost of $30,000,000 to be performed in the government navy yards, and requiring work on 11 new destroyers at a cost of $51,700,000 to be performed in the same yards. From this splendid record the convention concluded to reaffirm its old policy of "rewarding our friends and punishing our enemies". As it has been applied, and there is no intention whatever of deviating from that—it has always meant the friends of capitalism.

In this whole setting any proposal or declaration which may on the face of it appear entirely valid, loses all significance. Thus, for example, to return again to the question of the A. F. of L. official view of working class redress in the present crisis, the principles of the five day week, of the shorter workday and of maintainance of the wage standard were eloquently propounded in resolutions and otherwise. That becomes entirely meaningless without preparations for enforcement. The A. F. of L. can still, despite all serious deterioration, count almost three million workers in its ranks. Truly a formidable force if actually brought into action, particularly with present growing prospects of countless others getting ready to follow, once a serious lead is given. But this is precisely what is not wanted.

To conclude from this, however, that revolutionists can brush the A. F. of L. aside as hopeless, as company unions, as "social Fascist" unions, etc., is worse than repeating the farce of this recent annual gathering of its high priests. The mere fact that they were compelled to make some revision of language employed, reflects the advance signs of the pressure coming upon them from below. This pressure is bound to grow with the continuation of the crisis and more so with the slashing into the standard of wages and working conditions. How far the officials will respond to this growing pressure is of no serious interest. No expectation whatever is to be placed upon that. Essentially they remain imperialist agents under all conditions. But a rank and file membership chafing under rising exploitation and finally getting into motion to resist, that is a different matter. And this is an actual prospect.

That this A. F. of L. convention perhaps was less vituperative against Communists and radicals only reflects the extent to which the present official party policies and practises have succeeded in actually separating the Left wing from the trade union bodies. It has succeeded, at least for the time being, in wiping out a once promising Left wing movement within these unions. Some very recent feeble efforts made by the party though as yet only on an isolated scale, to draw local A. F. of L. unions into some united front activities, should be welcomed as one step in the right direction. But it should also serve as a most serious reminder that now more than ever must the work of aiding and stimulating the pressure from the A. F. of L. union membership and gradually directing it into the channels of a Left wing movement, be taken up in earnest.

—ARNE SWABECK.

Growing Revolt against National Government Marks British Scene

LONDON.—

This week has seen the struggle against the National government's economies reach its highest point since the fight began. Not a day has passed without demonstrations of unemployed workers; demonstrations which by their size and militancy testified to the deep feeling and anger of the unemployed at the threatened reactions in their benefits.

Last Sunday over twenty-thousand workers assembled in Hyde Park and, at the conclusion of the meeting, marched off to Wormwood Scrubs Prison, where several militants were imprisoned. On Tuesday evening, thousands gathered again in the Park: a deputation proceeded to the House of Commons with a petition against the cuts and in support of them the workers surged out of the Park, through the West End and gathered around Parliament. The police attempted to disperse them, there were baton charges, several scuffles between groups of workers and mounted policemen, and twelve arrests. When the deputation returned, the crowd formed up again and in spite of the police, marched away to the Park. In the Park, thoroughly aroused by the brutal methods of the police, they tore down railings and distributed the staves, carrying these in readiness on the homeward march.

In Manchester, Rochdale, Salford, Birmingham and a score of equally important industrial centers, great demonstrations took place whilst the campaign in Glasgow culminated on Thursday with a demonstration of 50,000 workers; police interference with the march caused trouble and a miniature battle took place, the workers using railings, bottles and sticks against the police: the fight lasted well into the night. This by no means exhausts the week's story of demonstrations, baton charges and "skirmishes" between police and unemployed. But it is sufficient to show the widespread character, as well as the militancy of feeling, of the movement against the Economy cuts.

I have briefly recounted certain happenings of the last few days because they are of importance for the International Opposition. The party press here, as elsewhere, indulges in continual exaggeration and distortion of happenings and there is a danger that comrades aware of this will tend to minimize the strength of the mass movement against the Economy cuts. It cannot be made too clear that there is a real, widespread and militant revival of the working class movement here and that, in spite of the stupidities of our party leaders, it finds its reflection in increased support for our party. But the effectiveness and druability of this "revival" must be greatly affected by the policy pursued by the party during the next few weeks.

A Turn-About

Today's **Daily Worker** issues a new call to the workers: partly due to the fact that in less than a week the cuts begin and partly because even a Stalinite official cannot altogether avoid seeing the obvious. Having refused from the beginning to work for united workers' councils, bringing into the movement the workers in industry as well as the unemployed, the party leadership suddenly realizes that the campaign has been largely an unemployed campaign and that, save in a few districts, there are no broad united front bodies influential enough to mobilize effective resistance. Had they, right from the start, set about getting all the workers, employed and unemployed, organized in each locality and linked up nationally in councils of action, they might now have been at the head of a powerful mass movement, with strength inside and outside of the trade unions and organized for action. Instead, at the eleventh hour, they are compelled to issue a last minute call, without having in any way prepared the road for such a call, for strike action. And even now they blunder. This is how it is done:

"How to stop the cuts? What can be done **in the next few days** to organize the wonderful fighting spirit evidenced on all sides? . . . The great need during the coming days is more and more activity, more factory gate meetings, demonstrations, mass marches, resolutions in the trade union branches and local Labour Parties, the building up of united front organizations—committees of action, Charter committees, unemployed committees, etc." (October 3, 1931.)

What a conception of organization for serious struggle! Here "Charter Committees", "unemployed committees" and "councils of action" mean the same thing: the "etc." is especially revealing. To such stupidity it is impossible to find an adequate reply: certainly, in this way will lie disaster for the movement. Careful explanation of the reasons why united workers' councils are needed; how they are to be formed and of whom they are to be composed; what attitude is to be taken to the councils already established, or in process of establihsment. by the branches of the Independent Labour Party; what form of action is to be worked for and in what way—these elementary things have not been done in this latest pronouncement and as a result it is worthless to the workers and even may help to spread further confusion and uncertainty.

The statement already quoted also says in the usual panic-stricken way that "the lower scales will be paid out—unless the attack is defeated". There is exactly a week to build united workers' councils, to organize a strike and to bring the whole working class "on the streets".

To have done at the beginning of the struggle in a systematic way, what they are now, at this late hour, doing so badly and foolishly, would have advanced the revolutionary movement in England further than all the party's efforts for the last ten years. This was not done when it should have been done; worse even—those who suggested doing it were attacked as "sectarians" and now, in a frantic effort to develop the fight further, the party leadership screams out for workers' councils and for strikes—all in a week!

Most interesting perhaps has been the

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Banking Crisis in the U.S.

Attempt to Defend Gold Standard Proves to Be Costly

Summarizing the developments in the American banking situation from the last crisis in 1921 to the present, we find:

1. The number of banks has been considerably reduced. In 1921 there were 30,812 banks of all kinds in the U. S.; by June 30, 1930, there were 24,079; by the end of August of this year, 22,300.

From 1921 to 1930 there was a total of over 7,000 bank failures, the highest number in any year being 1,348 in 1930; so far this year, up to Oct. 17, there have been 1,498. The deposits in the banks which failed last year totalled $865,000,000; those of the banks which ahve failed this year were over $1,300,000,000.

Bank mergers affecting members of the General Reserve System (which are about a third of all the banks in the country, with about 60% of the deposits), included over 1,400 banks in the last five years alone.

Somewhat offsetting the above factors were the formation of new banks, especially in the last stages of the boom, and in a few instances, the reopening of banks which had failed or been closed.

The net result, however, was that between 1921 and 1930, the number of banks decreased 22% while total resources increased from under 50 billion dollars to over 74 billions, an increase of 48%. In other words, in 1921 the average bank had resources of $1,600,000; in 1930, nearly $3,100,000.

Small Banks Failed

It is therefore clear that the banks which failed were mostly the smaller banks, and that the result of the combination of weeding-out by failures, and of mergers, was greatly to aid in the direction of bank concentration.

2. During this period, bank deposits increased from $34,800,000,000 to $55,700,000,000, or 54%; bank loans and discounts from 28.8 billions to 40.5 billions, or 41%; and bank investments from 11.4 billions to 17.9 billions, or 57%.

Industrial production, however, taking the 1923-25 monthly average as 100, did not show any such increase during the period. From the low point of 67 in the crisis year 1921, it rose to 85 in 1922, and 101 in 1923. The highest point reached thereafter was 119 in the boom year 1929; in 1928 it was 110; no other year was over 110, and the average for the entire period was 99.3. Last year it declined to 97, and this year is averaging around 80.

Nor did wholesale prices show any notable tendency to rise during this period. Taking 1926 as 100, the 1921 average was 97.6%, the highest annual average for the period was in 1925, at 103.5, from which point the general tendency was down, to 96.5 in 1920 and 86.3 in 1930.

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Vote Communist in the Elections!

Support the Candidates of the C.P.U.S.A.

Although the elections this year occur in a socalled "off year" and are confined largely to municipal candidacies, they are nevertheless of considerable significance. For the ruling class, the elections are a rehearsal for the presidential and state elections next year when the two parties of capitalism, Republican and Democratic, will vie with each other in an attempt to get at the spoils of office, the reward which comes for faithful service to the capitalist exploiters. For the working class, it is an excellent opportunity to register its opposition to the murderous offensive which the bourgeoisie and its government has been conducting with particular relentlessness since the advent of the sharp crisis, to indicate on the parliamentary field the degree to which it has separated itself from the domination of the capitalist parties and the extent to which it threatens to intensify the struggle to defend its standards in the field of daily struggle.

The elections will serve as a barometer of the maturity of the American working class, to what point it has been heightened under the impact of the disillusioning post-"prosperity" crisis. A barometer does not create winds and storms; it records them. The elections too will not create the rising temper of the proletariat; they will register it within the narrow confines of the ballot box, a warning to the bourgeoisie, a source of encouragement to the working class itself—provided, of course, that the workers mobilize their voting strength behind the candidates of the only revolutionary party in the field—the Communist party.

Opportunities for Progress

Great opportunities are afforded the latter this year. The abatement of the crisis so solemnly promised by the bourgeois statesmen and economists is not even visible on the horizon. Quite the contrary: the approaching winter already shows that the sufferings of the past two years will be sharply accentuated. The manifest incapacity of the two big bourgeois parties even to approach a solution, or at least an amelioration of the crisis, open up to the revolutionists broad avenues of approach to the masses. Hundreds upon hundreds of thousands, if not more, who still believe in the efficacy of the vote, will seek to express their dissatisfaction, their resentment against the ruling powers, by casting hostile ballots.

That they might "ordinarily" turn to the party of capitalist reform, the Socialists, does not constitute so great an obstacle to the Communists. The latter have a solid foundation for an attack upon the party of Hillquit and Thomas. The miserable bankruptcy of the socialist parties in England and in Germany, to mention but two recent instaces, to give the Communists a powerful weapon in breaking down the reformist tendencies in the advancing sections of the working class. The Communist party is the only one in the field that has not waited for the elections to give "promises" to the workers. Alone it has endeavored to mobilize the hard-pressed labor movement for militant resistance to the capitalist offensive, day in and day out. It alone embodies the link between the daily struggle of the workers and their final struggle for complete emancipation from capitalist oppression. It alone has earned the suffrage of the working class.

It is for the principles of Communism, for its militant struggle against the capitalist class, because of the fact that it is our party, the only fighting revolutionary party, the only workers' party, that it behooves every worker to support it in the elections. But by this we do not mean that the class conscious militant can endorse everything that the party leaders have done in the past, or right now—to the prejudice of the party's interests—or even the election progress and campaign which the Stalinist leaders are now conducting.

Opportunist Blunders

The official party pronouncements have made as their only criticism of the election campaign the fact that "in the ranks" there is a "sectarian under-estimation" of the elections and parliamentary activity in general. There is no doubt that this is true, and the outstanding insance of it is Boston. There, following the **Daily Worker** report that Minor had spoken to thousands of workers who cheered the Communist candidates, we found out that the party had simply forgotten to put up candidates. But such examples are relatively few. What is far more prevalent, and more dangerous, and a condition for which the party leaders cannot escape responsibility, is the opportunist character of the election programs which the party has issued in a number of cities. In some localities, the campaign has been reduced to a vulgar gutter level which must excite the envy of the Morris Hillquits. In 1917, in the stirring war days, the latter ran for Mayor of New York on a platform of five cent milk for the poor people. The Left wing at that time could find no scorn biting enough with which to condemn such a petty bourgeois reformer's platform. It is sad to have to make the comparison with the Communist party today. Yet, for days, the **Daily Worker** has been running editorial streamers on the "big" loose-or-bottled milk fight, "exposing" it, and declaring that "the issue is . . . the question of PRICE. In another article we will take this up. But here and now we say: Demand that milk, bottled or loose, be sold for **no more** than eight cents a quart" (**D. W.**, 9-30-31.) The general election program, issued for New York, is hardly superior. The characteristic of the old socialist party reform platforms was that they contained dozens of demands, for anybody and everybody, set up for the purpose of providing a small plaster for every sore on the body of capitalism and of catching a vote from every possible element. The election platform of a Communist party must be distinguished from this by the fact that it selects the oustanding issues of the moment, reflecting the immediate needs and interests of the masses, which are not calculated to delude them into the idea that the sum of all these demands will serve to reform capitalism and satisfy the workers with it, but are rather aimed at mobilizing the workers, during the "ballot-box season", for an intensification of their daily struggles for existence. Such a requirement is not satisfied by the New York program, which contains no less than seventyfive demands, intended to satisfy everybody from bank depositors and ex-servicemen to child laborers and farmers. There is even a worse feature. A Communist election program puts forth immediate demands in the sense of using them to advance the proletariat to the revolution, which alone solves the contradictions of capitalist society. The struggle for the final aim is implemented, so to speak, by the struggle for immediate demands. The two must be set out as inseparable. The emphasis must be placed upon the final goal. Nothing of the kind is found in the party platform. One reads page after page of immediate demands, demands by the dozen, to come to the very end of the list with the casual insertion, Point 75, of the demand "for a workers' and farmers' government in the United States". In the agitational material acompanying the demands, the same blunder is committed. Towards the end, one finds—as a sort of afterthought—a reference to the inefficiacy of the ballot-box and the need of overthrowing the present system as a whole.

What does the party platform need? It needs to concentrate upon a few outstanding demands, which the workers can remember and understand and fight for. They are demands like unemployment insurance, for large-scale, long-term credits to the Soviet Union, immediate government relief. These reflect some of the burning needs of the workers in the present crisis. They are issues upon which broad masses can be mobilized, in the factories, in the streets, in the trade unions. They can be rallying banners for active movements during the election campaign which will lift it out of the formal registry of the vote at the polls and transform the elections into part of the struggle which the Communists must lead for unloading from the workers- backs some of the burdens of the crisis.

With these criticisms in mind, which do not, however, change our fundamental estimate of the revolutionary nature of the party, we add our voice to its own: Vote for the party of the working class!

Funds Are Needed Immediately

It has become necessary for us to address an appeal for support for **The Militant** directly to our readers. To insure the regular appearance of our organ we have had only contributions made at a great sacrifice by the small but growing group of convinced Left Oppositionists and sympathizers. While in the sense of a burden, this has been a cheerful one, nevertheless it has by no means been easy. Now, the present large scale unemployment has hit our ranks heavily and multiplied the financial difficulties.

From its inception the Left Opposition proceeded with carefully laid plans to secure a sound financial foundation. Our literature, gotten out at a great sacrifice by the comrades who contributed personally, was conceived, in addition to its fundamental value to the movement, also as a means of steady income to aid **The Militant.** We resolved to discard the old fly-by-night methods which cannot result in strengthening the movement on a sound basis. We proceeded step by step to expand and secure our growth ideologically and organizationally. We believe we have taken some important steps ahead. Nevertheless the objective difficulties have reached a point where the continued existence of **The Militant** is endangered unless a generous response is made **immediately** to our appeal.

We succeeded in re-establishing the weekly appearance of **The Militant.** It is not necessary for us to attempt to emphasize what this means. Our readers are in a much better position to appreciate its inestimable value, in cutting with the sharpnes of a razor edge into the parasitic growth upon the Communist movement, to eliminate it at its source; its analysis of the problems confronting the working class and its efforts to show the revolutionary way out. Our readers can appreciate the veritable arsenal of Marxian literature produced by our young group, the fundamental textbooks for the movement of today and tomorrow. Our readers can appreciate our well-aimed efforts to bring the events of the world revolutionary movement and its problems nearer to the American proletariat. We have even been able to give our material support through the generosity of our contributors to the young virile Left Opposition in Spain. A collection of $188.30 has been forwarded to date to ur comrades there.

The all important question is: shall these activities continue, expand and grow? We pass that on to our readers. Only by expansion and growth is there life for the revolutionary movement, and we are confident of your reply.

We have always avoided sounding the tocsin of alarm in the sense of making panicky appeals. This is the reason why we only **now** ask emphatically of each reader to come forward with his contribution, to perform his duty in laying the foundation stone and ram deeper the pillars of a strong Communist movement.

If our readers will help, we will in common undertake work to guard and preserve the capital of the Russian October revolution. Soon the time is here to celebrate the fourteenth anniversary. We can best preserve and guard it by restoring to the movement the fundamental teachings of Marx, Engels. Lenin and Trotsky. To do this we ask our readers for their generous assistance. Will you make your contribution today? Send cash, checks, or money orders to **The Militant, 84 East 10th St., New York,**

★ N. Y. OPEN FORUM ★

Fri., Oct. 30: Tom Mooney's Appeal For A United Front --- by James P. Cannon

LABOR TEMPLE, 14th St., and 2nd Ave. Admission: 25 Cents

Unemployed admitted free with Unemployed Council card

Questions and Discussion

ON THE WORKERS' FRONT

Lessons from the Furriers' Fight for the Coming Dressmakers' Struggle

The atmosphere created in recent months by the unity maneuvers in the furriers' trade has fully absorbed the minds and hearts of the needle trades workers. How and by what means we can really bring about unity in the needle industry, is the topic of the day.

Conditions of Workers

The present conditions of the needle trades workers are miserable beyond description. The earnings of the workers have reached the lowest level. While previously the prevailing standards were enjoyed by broad strata of the needle workers and were pretty much universal, at present the very low level of earnings spreads misery and discontent among the great majority of the needle workers. Maintenance of former piecework rates and week-work scales is only an exception. The average needle trades worker feels that the working conditions in the trade don't afford him a decent living any more. These miserable conditions remind the workers constantly of the desperate need for unity in the organized ranks, and is becoming more and more the outstanding problem agitating the needle trades workers.

The deep-going interest in unity for needle workers has expressed itself very amply in the recent united front negotiations in the fur trade. Here the Left wing has certainly been outwitted, at least at the outset, by the Right wing. The Kaufman gang was forced to start this movement because of the turn of events in the fur trade. The movement for July raises, under the leadership of the Industrial Union, again awakened the hope of the workers in the possibility of reviving the fur department of the N. T. W. I. U. and they immediately demonstrated that by cutting off the payments from the International Fur Workers and by intensifying the fight within it. The socalled united front call was resorted to as a means of escaping the very embarassing situation. After all, it took the whole A. F. of L., the New York police force, and the bosses' association, to put the furriers into Kaufman's outfit. And here, one move of the Industrial Union to do constructive work is threatening the whole foundation and the structure of the Fur International. The fur workers turn their ears to the fake call of Kaufman nevertheless. Some of them took the call at face value. Others felt the need for participation in the united front conference to exploit the slightest chance for unity in the ranks.

The Industrial Union was vacillating, because of the incorrect policy of classifying all and everyone and putting them into the same group of the bosses, without any differentiation.

To respond the call would have meant "to go to a united conference of the bosses", to make "peace with the fascists", etc., etc. Their own wrong policy turned back on them. Gold went so far as to pronounce demonstratively and also in order to conform to the old policy that "if you elect me to represent you and to participate in the conference, I will resign my position". But the workers won the day. Their pressure to participate in the conference was adopted at the eleventh hour, in spite of the decision of the fraction to the contrary. The advance guard of the fur workers, the party comrades, nursed on the wrong policies of Stalinism, failed to sense the right spirit of the workers and to act accordingly. Subsequent events have proved that the policy finally adopted was correct. The presence of the Industrial Union and the proposals for tangible work, like the organization of the unorganized and the campaign to improve their conditions as a pre-requisite for a united union, exposed the fakers once more and showed up the appeal for unity with the militant fur workers.

Our job has not ended yet. The Right wing may not call us any more to conferences, but we won't forget to remind them and the workers about these maneuvers. The Industrial Union will have to call again and again for unity of action on suecific issues to improve the conditions of the fur workers. The negotiations, despite the Stalinist confusion, have nevertheless strengthened the faith of the workers in the Left wing, and have certainly raised the spirit and fighting ability of the Left wing fur workers and sympathizers in the Fur International.

Coming Dress Strike

What lessons are we going to draw from this united front in order to change our tactics in the coming dressmakers' strike? So far, it seems as though the policy pursued in the furriers was only a temporary retreat from the old methods only because of the pressure exerted by the workers. The last shop delegates' council meeting displayed utter disregard for the latest experience. In answer to some definite proposals made by the writer of these lines for the coming conference of the dressmakers called by the United Front Committee, its representative gave a general A B C talk about unity in the shop. It seems that the generaly known unity in the shops is becoming a new policy in the hands of the United Front representative. Left wingers have known in practise for years such unity in the shops. So far, the United Front Committee of the dressmakers set itself up as almost a dual Industrial Union with the same wrong policies in stock, forgetting completely its function and the meaning of its aim. At this late date, it has nothing yet to propose for the coming conference. The members of the Industrial Union, adherents to the Left Opposition, propose the following:

There is a wide field for organization of unorganized workers in the needle industry. The I. U. should begin a serious campaign for organization to broaden the base of the Industrial Union and to improve conditions of the workers.

The Industrial Union should aim to gain the workers for our ranks, but should in no case call those workers who are in the ranks of the Right wing-controlled union, scabs or scab agents.

The Union affiliation should remain for final decision with the workers of the shop. The Left wing has nothing to fear and will be assured of the needle trades workers' support both morally and organizationally if it should conduct the proper campaign for the organization of the unorganized.

The Industrial Union must make every effort at this time particularly to strengthen the opposition within the international. The organized Left wing in the International should first of all begin a systematic fight and propaganda campaign for the principles of the Industrial Union, and for united action of the two Unions especially in the coming dressmakers strike.

The Industrial Union must eradicate the opinion that was created in the minds of the needle trade workers due to the erroneous policy of staying at work during the dressmakes' strike of the International in 1929, by stating it publicly in our oral and written proclamations.

The Industrial Union should immediately propose a conference of representatives of both unions for the purpose of electing a united front action committee for the drawing up of the demands for the coming dressmakers' strike. The united front must be based on the secognition of both unions as such. The Left wing will of course put forward such demands that will make the strike a real struggle for the improvement of the working conditions in the needle industry. At the same time the Left wing will reserve the right of and continue the sharpest criticism of the Right wing officialdom and the Lovestone liquidators.

These proposals of united front tactics, if adopted and carried out, will serve as a step forward in building the Industrial Union and the Left wing generally. We on our part, pledge our whole-hearted cooperation morally, physically and financially. We will not fail to do all in our power to hasten the adoption of these proposals. We will speak at the meetings of the Industrial Union, issue leaflets to the dress makers, and appeal to the members of the union. It is our duty to break down the wall of wrong policy, which has hampered the union and reduced it to its present state. We appeal to every dressmaker to work tirelesly from now on till the conference to make it a real success and a conference of many representatives of organized and unorganized shops in the dress trade.

—SYLVIA BLEEKER

The Government Civil Service Applies Hooverism to the White Collar Slave

40,000 applications have been filed for the nation-wide examination for stenographer and typist, and in itself demonstrates the enormous unemployment and state of insecurity that prevails among the office workers and "white-collar" workers generally.

The official statement of the U. S. Civil Service Commission, says:

"Approximately 40,000 formal applications were filed with the United States Civil Service Commission at Washington for the stenographer and typist examinations. . . ."

"This establishes a **record for all time.** In the same examinations held in 1930 for the departmental service, 8,546 applications were filed with the Commission, **a record number at that time . . .**"

The Commission acknowledges that, "the greatly increased number of applicants is, without doubt, due to the general industrial depression", and also admits that this huge increase of applicants for Civil Service jobs is to be met with in other classes of positions.

The vast numbers of unemployed or poorly paid office workers vaguely believe and hope that a Civil Service job, "working for the government", will bring a large degree of economic security, permanent employment, and that their worries will then be over. It is a pitiful hope and illusion; for capitalist government, no less than its bosses, the private proprietors of industries, lands and banks, must face by and large the problems posed by an economic crisis, political instability, etc. Budgets must be balanced, taxes arranged—according to the requirements of the employers, the rulers of the land. Employees, whether of a local, state or national government, or employees of a private capitalist, remain economically—wage slaves. When "times are hard", the government employee, like any other worker, is also hit by layoffs, increase of working hours, wage-cuts, etc.

But so strong is the illusion of government jobs, Civil Service appointments, etc., that between the year 1930 and 1931, an increase of approximately 450% in the number of applicants for stenographer and typist jobs, is recorded. And 1930, with its 8,546 was already a record year for applications. To cap it all, the U. S. Civil Service Commission **does not mention** the number of jobs **actually open** for the 40,000 applications. By the tens of thousands, the applicants are to fall by the wayside, and left to ponder their future fate, lack of jobs and security under capitalism.

Low Wages of Civil Service Workers

It might be thought, further, that these stenographic and typist jobs, for which 40,000 humans swarm in desperation, paid handsome wages. Yet the wage for the **highest** paid stenographic position is $31.00 per week and the low is $24.00. And in this mad plunge of applicants for $24.00 and $31.00 a week jobs, the race is not merely to the swiftest. With an unconscious sense of humor or irony, the Civil Service Commission announces with dignity that "Recently . . . it has improved its test for stenographers and typists for the Government Service." For in addition to the ability to take dictation and to transcribe notes, "such an employee should have good judgment . . . more knowledge of the English language, etc." All for $24.00 and $31.00 a week, and the right to "work for the government".

It is known to all and sundry that the U. S. Government, and its official spokesman, President Hoover, have professed great concern about the unemployed, and have even called upon the captains of industry not to lay off workers or to cut wages. It has however been amply proved that neither Hoover, the government nor the bosses were serious about such statements; and the employers have, from the day of Hoover's statement, continuously cut wages, increased hours of labor, and laid off workers, so that some 10,000,000 are today unemployed in the United States.

U. S. Government Increases Hours

Now the government adds its bit, and we quote, for the benefit of the stenographic and typist applicants, postal workers and any others who may read, a statement of the Post Office Department.

"Because of the greatly increased deposits, all employees in the postal savings division are required to work eight and one-half hours a day, **an increase of** one-half hour over the regular Federal workday. **This extra work will not involve any salary increase.** The Department found it necessary to hire more men, or to require overtime work of present employees, and **decides upon the latter course.**" Capitalist government and employers set their course by the dollar sign or requirements of capitalist economy, and not by those of the worker.

The office worker or "white-collar" employee, unquestionably in the past and largely yet in the present, is affected by the ideas of the capitalist class, particularly of the middle class. Actually feeble in an economic sense, he has endeavored to ape the class he aspired to. The viewpoint of the office-worker has been slow to change. But low wages, unemployment on a tremendous scale among office workers, inability to pretend even to "keep up with the Joneses", are driving the office worker. very slowly as yet, toward a common economic and ideologic position with the rest of labor.

Need to Organize "White-Collar" workers

There are no special and final reasons that prevent the organization of the "white-collar" workers into militant labor unions. European countries have witnessed them. The United States need not be exempt from progress in this field. It is folly to surrender all the millions of extremely low-paid office workers to the existing capitalist movements or to potential Fascist movements, or to liberal and social-democratic ideologists. While there are obvious limitations in approaching and winning such elements, the policy of virtually ignoring them is patently wrong. The American Federation of Labor has only played about with the question of organizing the office workers, and its federal labor unions have been made up to a large extent of civil service employees. These should be reached by all means also. But hitherto the other millions of office workers have been passed by. The Left wing has made sporadic efforts of organization and has gotten mostly office help employed by unions.

The task of organization of this wide field of workers is basically the same as with the industrial workers, with all due advantages as are already known in the organization of the latter. The appeal must be broad and on elemental economic and class issues. Sectarian appeal will not work. Yet the only efforts able to succeed will have to be exerted by the militant and Left wing workers and organizations. —M. A.

Stalinists Again Oust Left Opposition at Chicago Unemployment Conference

CHICAGO.—

The Oct. 18th conference of the Cook County Unemployment Councils, the third in three months, ended by laying the "base" for a fourth conference next month, electing delegates to call on city and county authorities to present demands, a committee for a Cook County Hunger March and a committee to line up preliminaries for the Nov. 7th march on Washington. The usual party and sympathetic element was in attendance and the usual bureaucratic methods and lack of Marxian program.

Comrade Curtis of the Left Opposition was elected on the credentials committee of five and when it came to the point of seating the three delegates from the League, Buckley, Curtis and Oehler, the party representative, Rybicki moved that they not be seated. Curtis spoke for the seating and to the surprise of the bureaucrats the vote was three to two in favor of comrade Curtis' motion in the credential committee, one of the three being a party member who voted with Curtis and could not see why we could not be seated. After a long argument Rybicki finally "convinced" the other party member that he was "wrong" and he said, well what ever Rybicki says is correct. This gave the bureaucrats a majority.

In the meantime, comrade Oehler had obtained the floor for five minutes and dealt with the one point of adding the struggle for the shorter work day with the present two main demands of social insurance and immediate relief, concretizing it in the slogan of the six-hour day and the five day week. The delegates gave an excellent response to these remarks, but Rybicki who had come out to caucus with the other bureaucrats to see what to do about the way things were drifting, came back to the credential committee and reported that the conference had hooted the "Trotsky delegate, Oehler" down. This was an attempt to weaken the resistance to his motion to oust us from the convention. Gebert, the D. O., took the floor after the League speaker and devoted fifteen minutes to slander and demagogy against the Left. The conference had started late and only several delegates had the floor for five minutes following and again went to reports of committees over the protest of many delegates.

The "majority" report of the credeniial committee was not to seat us. Comrade O'Hara, a Communist, but not a member of the party or the Left, being one of the members of the credential committee, representing a large unemployment council, took the floor to give a minority report. He was denied the right to present a minority report. All delegates were denied the right to speak on the motion presented by the "majority report". It was railroaded through in the most brazen A. F. L. fashion. The bureaucrats feared a minority report, they feared discussion on the "Majority report"—they fear the Marxian position of the Left Opposition that smashed into their opportunist program.

In an uproar and protest from all parts of the floor and its usual counter-uproar of lesser bureaucrats hollering for the kicking and throwing out of the three delegates the **will** and **desire** of the Stalin bureaucrats overrode the **interest of the workers** by refusing to seat the Marxian wing of the Communist forces.

A motion to throw us out of the hall was not entertained by chairman Otto Wangerin. The committee on resolutions reported, presenting the draft program of the last conference for final corrections and adoptions. The amendments of the Left Opposiiton had been given to the committee but of course the resolutions committee said nothing on this.

The Chicago League continues its support of the Unemployment Councils and will fight for a correction and development of its program which at present has many opportunist points. Unemployment councils not being the Communist party cannot be expected to have a complete Communist program but unemployment councils under the leadership of the Communist party (and no one can question this) must have a correct Marxian program on what partial demands it takes up in the field of unemployment and must above all not have an adventurist or opportunist line. The Chicago League, true to the interest of the working class, can do nothing else than fight against the bureaucrats and their wrong line and for the unemployment councils. —H. O.

A Few "Pages from Party History"

For a few ssues now, Lovestone has been printing in his paper extracts from old documents in the past faction fights of the party, under the general title of "pages from party history". So that the "pages" may be rather more complete and all-sided than are those presented by Lovestone, we call attention to one or two which Lovestone would surely much rather were forgotten, or at least not mentioned in polite society. We have pointed out once already that at the time Stalin and Co. were so disconcertingly kicking Lovestone out of the party's leadership, the Right wing leader played as one of his trumps the fact that it was Bedacht, the "loyalite", who had proposed to Lovestone after the 1929 convention of the party that their faction establish relations with Brandler in Berlin. With all the indignation he could muster, Lovestone declared that he had spurned so base a proposal. Now we recall that Lovestone, a short time before the party convention which sealed his fate, wrote a mendacious pamphlet against the expelled "Trotskyists" and the Foster-Bittelman faction which was soon to replace him. It was called "Pages from Party History", and on pages 12 and 16 of this cynically falsified collection of petty bourgeois self-praise, we read about Lovestone's accomplishments as follows:

"Let us examine some of the main steps toward Bolshevization, toward eradicating the menace of opportunism taken by the party under its present leadership. Merely to enumerate, these are: . . . (11) The party under its present leadership has been among the first sections of the Communist International in combatting deviations from the Leninist line . . . Our party has pursued an energetic policy in the struggle against Brandler and Thalheimer and other Right wingers and conciliators in the German party. In the Fifth Plenum of the Comintern, the comrades representing the viewpoint now held by the majority of the Party were amongst the most aggressive in the struggle against Brandler, Thalheimer, Bubnik and the Trotskyist deviators from the Leninist line."

Lovestone, in the first period of his expulsion from the party, sailed under the same flag. At the very moment that he was negotiating with the German Right wingers he continued to thunder against Brandlerism. When the change was finally made in the open, there was no explanation of the past, no explanation of the reasons for the change. In fact, the American Right wing talks with such unrestained enthusiasm about its German prototype that one might almost believe that it was not Lovestone who was for years (immediately after the official decree was handed down) the most savage fighter against Brandler, whom he scrupled as litle to misrepresent as he did to denounce. And now that he has "learned better", perhaps he will tell us what caused the change of heart—for Brandler today is only a generalized and systematized edition of all the mistakes of the Right wing before 1928. And while questions are being put, let us put this one too:

What has become of the Right wing's "International"? Has it collapsed completely? We do not hear a whisper from it, or a word about it in the Right wing press. Has the whole thing been called off as a superfluous formality? Why?

An annswer to these questions would surely be of interest.

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Youth Will Issue «Young Spartacus» as Organ

In 79 B. C. the slave and gladiator Spartacus commenced a magnificient struggle of revolt against the oppression and rule of the Roman Empire. In the course of battles in which thousands of revolting slaves gathered around the banner raised by the Greek Spartacus, ten Roman armies were defeated and laid to waste before the patricians and military power of Rome could gather sufficient strength to beat down the glorious revolt of the enslaved masses. Spartacus and his followers went to their death, but for the slaves, plebeians, serfs and toilers, there remain forever the glory and inspiration of the revolt of Spartacus and his fellow-slaves and gladiators.

The Communist League of America (Opposition) aims to develop further the Spartacus tradition of struggle, revolt and organization against the slavery of today—wage-slavery, which enfolds countless millions of toiler, young and dold, throughout the world. The National Youth Committee of the Communist League jointly with the National Committee of the Communist League,, have decided to call the forthcoming Youth paper of the Left Opposition, announced in the previous issue of the **Militant—Young Spartacus.** The youth of the Left Opposition, in claiming the tradition of Spartacus for the revolutionary youth and proletarian movement of today thereby also lift high the symbol and banner by which Karl Liebknecht and Rosa Luxemburg gathered the first cohorts of Communism in Germany into the Spartacus League—Communist Party of Germany.

The issuance of **Young Spartacus** in the very near future represents another advance of the Communist League of America and the International Left Opposition in the endeavor to bring clarity again into the confusion wrought by the theories and practises of Centrism, led and nurtured by Stalin. It is but the first, we hope, of youth publications by the Left Opposition.

For the young workers in the United States, in the official Young Communist League, for Communist sympathizers among the toiling and student youth of America, the issuance of **Young Spartacus,** it is hoped and expected, will be one of the means whereby the revolutionary youth can once again step into the front ranks of Communism in the demand for clarity of purpose, sound theory and program, for militancy and action. The **Young Worker,** official organ of the Young Communist League, is but a caricature of what a youth paper should be. It grovels before the bureaucrats of the party, and makes sycophants of the youth, acceptors without question of any and all orders handed down from above. The official apparatus of the Y. C. I. and the party is passively accepted, at best with whispered criticism. Neither thought nor educational material of any real consequence is any longer to be found in its columns. The revolutionary youth in the United States needs a revolutionary youth paper and this role **Young Spartacus** aims to fulfill. In his letter to his party nucleus, entitled "The New Course", Trotsky has this to say concerning the youth:

"It is wholly inadequate that the youth should repeat our formulas [i. e. of the older comrades-so-called Old Guard—M. A.] It is necessary that the youth should take the revolutionary formulas fighting, transform them into flesh and blood, work out for themselves their own opinion with that courage that comes from sincere conviction and independence of character. Passive obedience, mechanical drill, characterlessness,, obsequiousness, careerism—away with these things from the party! A Bolshevik is not only a disciplined man; no, a Bolshevik is a man who, boring deep, has worked out for himself in each given instance a firm opinion, and courageously and independently defends it, not only in war with his enemies, but also within his own organization. Today he may be in the minority in the organization. He submits because it is his party. But that obviously does not always mean that he was wrong. . . ."

The members of the Young Communist League and the **Young Worker** today only too plainly do not have that independence and courage and clarity which characterize the kind of revolutionary youth needed in the Communist movement. Trotsky's words are the words for any vital, thinking revolutionary youth. The Youth fraction of the Communist League, through **Young Spartacus,** as well as through the coming formation of youth clubs, will endeavor to instill the fundamentals of Communist theory and practise among the youth it can reach. In the Young Communist League of America there is also worthy tradition, particularly of its early years as the Y. W. L. when Clarity and Action were its slogans. **Young Spartacus** will endeavor to fulfill these slogans. Every adult worker and member of the Communist League and sympathizer of the Left Opposition should help in the issuance and maintenance of the forthcoming **Young Spartacus** which will start as a monthly four page paper, tabloid size. H. Stone has been selected as Business Manager of **Young Spartacus** and funds for it may now be sent to H. Stone, care of Young Spartacus, 84 East 10th Street, New York, N. Y.—M. A.

IN THE INTERNATIONAL OF LABOR

Reviews and News of the Working Class and Revolutionary Movements

C. P. Policy in England

The Stalinists' Sterility Before the Problem of the United Front

Since the Fall of MacDonald "Labor" government the class struggle in England has entered a new and more decisive stage. A revolutionary perspective, although yet only in its embryonic form, is at hand. But the all important question of ability of the Communist party to meet this situation still remains unanswered.

The real significance of the October 27 elections is not so much determined by the immediate question as to who wins the majority of seats in parliament. The almost certain prospect of the national government bloc,—in reality the Conservative party,—winning a majority will make but little difference. The all important fact for the future lies in the beginnings of the new and more definite line-up of forces. To the extreme Right, those represented by the national government; in the Center, those most nearly representative of social reformism in England, the official labor party opposition, with perhaps a section of the liberals; to the Left, the revolutionary forces, of the Communist Party and the Letfward moving sections from the labor party.

Serious Currents Within Labor Opposition

The future role of the official labor opposition will more than ever be that of social reformism, i. e. to continue under a new cloak the capitalist policies of the past. Its resources are still powerful. Its leadership may still develop a far greater skill and cunning in keeping the working class under illusions and ward off its natural progressive course toward the Left. But whether MacDonald and Henderson again find common ground, which is most likely, and in spite of the great hold which the official labor opposition still has upon the British working masses, the disintegrating process which has now hit European social democracy will perhaps have an accelerated course in England. In general there should be excellent prospects for Communism.

The break-up of the labor party is already an actual process though as yet only in its initial stage. The old and tried imperialist agents, the Hendersons and the trade union leadership, have time only for efforts to find new ways of balancing the capitalist budget, meanwhile winking a friendly eye to a coalition with the Lloyd George liberals. With the lines so sharply drawn by the general crisis and the economics ultimatum of the National government, their only alternative course would be a revolutionary one which they have no intention whatever of pursuing. The Left section of the I. L. P. is by the force of events being driven further Leftward. The "challenge" of such leaders as Maxton, Brockway and others of a "socialist program", of "socialism in our time", of "socialism with speed" is being taken seriously by their rank and file followers. In scores upon scores of letters to their official organ, the **New Leader**, they ask pointed questions, demanding recognition of the necessity of revolutionary action, of the necessity of forcible overthrow of the system, for affiliation to the Communist International and for unity with the Communist party. These leaders, seeing the masses moving Leftward are hurriedly covering themselves with the red mantle and moving in that direction also, endeavoring to keep step so as to maintain their leadership and head it off. When the masses, compelled by the force of necessity, continue further in this course and attempt to translate their program of "socialism with speed" into action, a program which was conceived purely on the basis of reformist measures, but which can be accomplished only by revolution, they will soon change their tune. Then the actual separation of the masses from these charlatans begin.

C. P. Leadership Impotent

With these splendid possibilities the Communist party leadership has unfortunately not measured up at all. During the first phase of the present situation it displayed its utter impotence in failing to give any direction whatever. But a "turn" came, a turn with an adventurist vengeance, however, maintaining all its former opportunist essentials. It emerged with a basic program formulated in the following slogan:

Not one penny off the "Dole", not one worker off benefit!

Not a penny off wages of the workers!

Not a penny off teachers' salaries!

Not a penny more tax on the people's food!

Down with the National Government!

To this even the Henderson official labor opposition, since it has extricated itself from the MacDonald government can well subscribe without difficulty as it does not in the least take cognizance of the revolutionary potentialities of the present situation. It does not even approach the "challenge" of "socialism with speed" which is put forward by the "Left" mountebanks.

Adding New Confusion

Our London correspondent correctly criticizes the recent confusion of adventurist mixture added by the Communist Party leadership of calling for councils of action and general strike, all within one week and without any previous preparation. And further proposing to build alongside of the unemployment movement also the charter movement, which was already antedated at its inception and became only a sorry caricature of the proud old Chartist movement. It is naturally difficult for revolutionists to have any patience with such people, who, while remaining steeped in their opportunist outlook, suddenly discover at last that they are somewhat belated and hurriedly, in panic, call upon the working class for action without performing their duty of previous preparation. Their characteristics are that of contemptible bueraucrats.

Surely there should be opportunities for strike action against the National government economy program of drastic reduction of the working class standard and yet much more heavy cuts to come. Surely councils of action, which already have a good tradition in England, should be created to lead these economic struggles and become a weapon against treason of the reactionary trade union bureaucrats. However such strikes in the present situation will inevitably have dynamic political implications and naturally the danger of defeat by isolation or lack of preparation become so much greater. The actual steps of preparation, thorough preparation of organization, of tactics and of object are yet in order and no moment should be lost. As a matter of fact they should have been taken from the very first day of the National government. That much at least should be known to revolutionary leaders.

The United Front Policy

However, the main key to the present situation, which the C. P. leaders must learn to take hold of, is the united front policy. Not its perversion, neither of the alliances behind the workers' backs with reformist leaders nor the fakery of "united front from below", but a united front policy as taught by Lenin. The former method was well exemplified by the spurious Anglo-Russian Unity Committee. The latter has now become the "line" by which party bureaucrats can unload responsibility for their own failures upon the membership for not being in the shops and not understanding the unity with the workers. But it has nothing in common with the united front policy and does not lead toward a solution of the revolutionary problems.

It is necessary for the C. P. leaders to define their attitude particularly clearly toward the Leftward moving section of the I. L. P., to consider them potential revolutionists who, however, still follow the I. L. P. leaders. The C. P. must speak to them as class brothers in arms. It must say to them:

"You trust these leaders, we don't, and in our opinion it is well founded upon past experiences. You believe their 'socialist program' is seriously conceived as an actual overthrow of capitalism and the building of a new system, we don't because that becomes a revolutionary objective which they fear. The realization of an actual socialist program, however, must of necessity proceed through the struggle for the immediate and pressing needs of the workers. On the basis of these needs we propose a united front with you so that we may in common endeavors work out the well defined immediate demands which the situation now requires and by united efforts fight more effectively for their attainment. We propose to reserve for ourselves the right to aim for an actual socialist program, for a revolutionay objective. For this objective we will fight also within this united front.

However, that itself must first of all imply on your part a complete break with the official labor party parliamentary opposition and its whole apparatus, both ideologically and organically, because their objective goes definitely in the opposite direction."

In such an attitude and approach lie the possibilities of the Communists taking over leadership of this Leftward moving section. It is true that in this process new problems will arise such as even the question of a slogan for a socialist government, which under present conditions in England has a different connotation from say, for example, in Germany. But once the approach to the problems is begun correctly the further solutions will not have the greatest difficulties. Finally it goes without saying that such approach can never in the least be confined within the narrow scopes of parliamentary activities. Revolutionary objectives by far transcend such bounds, and it is precisely around these objectives that the strike movements can have real meaning and become an integral part.

Now is the Time to Apply Lessons of Past Experiences

The present situation in England pressingly demands a revolutionary orientation by the Commuist party. That dare not be delayed any longer if it is at all to take advantage of the exceptional possibilities. But to accomplish this means a definite fight to eliminate root and branch the heavy burden of the Stalinist bureaucratic leadership the penalty of which the party is now suffering. Of course, this would be altogether inconceivable without a broad, open and free discussion within the party. To any such attempt the bureaucrats will certainly answer by, if possibly, re-inforcing their edict against any discussion under the plea that now is the time for action, and there is not a moment to lose. But for the party to act correctly in this situation first of all implies a proper evaluation of the experience and disastrous orientation of 1926. If this is further compared with the puerile banalities of the "third period", a good beginning will have been made. Many lessons could be learned of incalculable value for the present situation. And to initiate this is precisely the duty of a revolutionary leadership.

Of course, judging the present serious situation in England from a considerable distance, there may be many developments unavoidably escaping our attention and thus of necessity make our suggestions incomplete. Nevertheless we believe our Left Opposition supporters should give these suggestions their most serious attention.

—ARNE SWABECK.

LETTER FROM ENGLAND

The Struggle against the National Gov't

(Continued from page 1)

dropping of the "Nine Points" of the Workers' Charter. After a year's campaign for these "Nine Points", they are quietly pushed aside and to save the faces of the sponsors of this Workers' Charter, the present slogans of the party against the cuts are now put forward as the "Charter".

Establish an English Opposition!

Clearly, the time is ripe for the consolidation of all the critical elements under the banner of the International Left Opposition. So far nothing has been done in this direction: isolated comrades have been crushed easily by the leadership: the party press has not only refused to publish criticism but it has even suppressed reports of very large and important demonstrations when those demonstrations have been carried through by comrades in disagreement with the party policy. At present, the control by the Stalinists of the press, and the lack of an organized Opposition, together with the low theoretical level of the English party membership, makes the position of the present leadership very strong.

The need is for an English Opposition paltform around which the best elements in the English party can rally.

London, October 3, 1931

—ANGLICUS.

LONDON.—

In previous letters some of the weaknesses of the party's campaign around the National government's economy attack have been pointed out. Events have more than justified this criticism and more than ever is it necessary to rouse the party membership against the policy pursued by the party leadership.

At the commencement of the campaign it was pointed out in these columns that failure on the part of the party to give a definite lead for the formation of councils of action and to urge preparation for strike action would prevent the widest possible mobilization of all workers under militant leadership. In addition, it was shown that the line carried out by the party was a reformist line, not a revolutionary one and that such a policy could only result in a strengthening of the I. L. P. "Lefts" at the expense of the party.

It is now possible to see that the virtual restriction of the campaign to the unemployed has found our party after seven weeks' agitation with no real gains to register as far as the trade unions and the factories are concerned. Whilst in the great demonstrations of unemployed, the party, as a party, has scarcely appeared at all. All the great demonstrations in London and in the provinces, have been organized by the National Unemployed Workers' Movement: all the speakers at these demonstrations have been unemployed leaders or local unemployed organizers. There can be, of course, no objection to the organizing of the unemployed in the N. U. W. M., but the party should work to secure a workers' united front movement to bring together employed and unemployed under the leadership of the Communist party. The need for the party, its vote in the workers' struggle should be explained and demonstrated day in and day out, especially in this time when the workers are more politically active than for some years past. In the meantime, precisely because the party is not pursuing a correct policy, the influence of the "Letts" increases: in Glasgow, for example, only a week ago, Maxton and other I. L. P. leaders were greeted with enthusiasm by a demonstration of 100,000 workers.

The Party and the Election

During the General Election, of course, we shall hear and see more of the party. This is a hard thing to say, but it is true, and one can even see that, under certain circumstances, a big party vote in the election will be a step backward for the movement.

How should the party approach the election? Clearly it should enter the election primarily to strengthen and develop the mass movement and not merely to get seats in Parliament. The worst thing that could happen would be that the naturally strong tendency amongst the workers is to rely upon the vote rather than upon their own organized strength, should be encouraged by our participation in the election. To enter the election to help to extend the mass agitation against the economy cuts and to prepare for strike action is one thing; to enter it to gain seats in Parliament is another. Let Communists go to the poll wherever possible by all means, but see that they utilize the campaign principally to gain support in the unions, in the factories, and at the unemployment exchanges, for the extra-Parliamentary struggle against the employers' atack. Where it is not possible to raise the necessary money (150 pounds deposit is needed before a candidate can go to the poll which is lost unless a certain percentage of the total vote is registered for the candidate concerned) then let candidates be put up and lead mass marches of workers to the polling stations to vote Communist, although such votes will of course be disallowed. But everywhere the party should carry to the workers the message: build your movement in the factories and outside the factories for in this way only can you achieve anything real.

Fighting—for Votes!

Unfortunately, the party is not entering the fight in this way. The party seeks seats in parliament: it is therefore to concentrate mainly upon certain constituencies where they believe they have a chance of getting in. Although this plan has been partly defeated by the insistence of the locals upon running at least "demonstrative" candidates, yet in the main it still holds good. It can only mean that in many areas, the workers will get no real and effective lead from the party, that the party comrades in certain areas will work, not amongst the workers in their own areas but in nearby places where, by concentration, the party hopes to secure a seat in Parliament.

This is opportunism of the worst kind and it means, so far as the party leaders are concerned, that they are more concerned about results to report to their Stalinist masters than with the effect of their campaign upon the mass of the workers.

Against such a policy, the Oppositionist in England should fight not only by raising the question inside the party but also by refusing to consent to the desertion of the workers in their own areas for the purpose of getting a Communist in somewhere else.

Division and Doubt

The serious nature of the crisis is revealed in the election, for at this election no less than eight different groups will fight for seats.

The Liberals are now divided into three groups: one led by Sir John Simon who is pro-National government and protariff: another group led by Sir Herbert Samuel who is a member of the National government but anti-tariff; and a third group led by Lloyd George who is now out openly against the National government and getting nearer to the Labour party. The Labour party, save for one or two constituencies wher the I. L. P. are running their own "rebel" candidate, without the sanction of the Labour party, will fight as one party but with their late leaders fighing against them and with several "National-Labour" candidates in various constituencies. Then, of course, there are "independents" of all shades, a few "Prohibitionists" and so on to make confusion worse confounded. To forecast the result of this election is obviously impossible but the Communist party, of whose candidates about forty may go to the poll, will do well in spite of its stupidities and the Labour party will probably get a very large working class vote. The result will be known on October 28.

The Case of the Meerut Prisoners

The campaign for the release of Meerut prisoners, three of them Er comraqes, started well over two years ago. Since then, it has, save for occasional spurts, almost disappeared and real effective agitation has long abandoned. Occasionally a letter from one of the English prisoners would be received and published in the **Daily Worker. Will the Daily Worker publish the latest letter received from Meerut jail?**

In this letter, the English party leaders are bitterly reproached not only for the failure to conduct an effective campaign but also for their failure to fulfill their obligations to the English prisoners. The latter states that money due to them has not been sent as it should have been sent, which, considering the position of the prisoners, who have been nearly three years in Meerut Jail, is scandalous. The proletarian members of the League against Imperialism Executive raised an indignant protest, much to the embarrassment of the party functionaries present.

An attempt is being made to hush the matter up, but it should be made known and remedied.

October 12, 1931

—ANGLICUS.

Silence in the Ranks of the Party on the Tom Mooney Case

There is a sickening silence in my unit of the Communist Party of the U. S. pertaining to one of the major events of direct national and international importance for the working class—the appeal of Tom Mooney. There are over twenty members in my unit. Some are old members of the party. In that respect, the composition is such that the unit might have a good political guidance. But a good political guidance would immediately raise a question: why is the spirit of Tom Mooney's letter unacceptable to the party? The defeats and failures suffered by that part of the American working class which follows the leadership of the party are due to a large extent to the 'united front from below" of the third period". And an honest leadership in the unit would not be able to escape the question: Why are these false theories stopping us from using the experiences of a genuine united front applied so many times by comrade Lenin? the united front which helped the party to gain so much influence in the Sacco-Vanzetti case? the same united front asked for by Tom Mooney in his open letter?

One thing is self-evident: the big party bureaucrats are afraid that those questions may be asked by those who are not corrupted as yet by the apparatus. The stifling silence on the burning question of first importance for the class struggle can be traced to them.

Yet, how can the bureaucrats explain the fact that Tom Mooney, whom even they do not dare to call a "social Fascist", offers a united front with those organizations enumerated in his letter?

A bureaucratic explanation is ready: "Tom Mooney does not know the actual situation in the labor movement of the country." Which situation? The one created by our defeats, such as in the Independent Shoe Workers Union, the N. T. W. I. U., the rotting away of the Food Workers Industrial Union? or the recent defeats in the coal mines and in the Paterson textile strike? But even to touch these situations would mean to expose the Fosters, Dunnes, Browders and the rest. They are only the willing tool of the same Losovsky whose "self-critical" letter was read in the unions. In this letter, Losovsky has enumerated all our defeats about which it became impossible to maintain silence, but the only reason given for those defeats is "our inability". Yes, inability to realize the impossible "united front from below", which so far as the present leadership is concerned, is dooming Mooney to a permanent stay in prison.

In order to set at ease the revolutionary conscience of the rank and filers of the party, the usual, dizzying cry is raised for "All out to demonstrate for Tom Mooney!" But the party is small. Its influence is far from what it should be and therefore those "all" may prove to be very few, and do prove to be very few.

Therefore, an order from above is given to mobilize all the units at the Madison Square Garden. Another staged demonstration will take place. Another chance to acquaint the party with the masses, to gain an ideological influence, will pass by, to the joy and for the good of all species of reformists, from Woll to Muste.

And perhaps it is in order to escape the stinging questions of those who were never afraid of the bureaucartic apparatus, when the stupidity of the Stalinist leaders becomes evident, perhaps it is for this that the Malkins are mobilized to launch such a vigorous campaign of expulsions of "Trotskyists" from the I. L. D.

—PARTY MEMBER.

The N.T.W.I.U. at Work in Boston

After a long period of passivity the N. T. W. I. U. has awakened to the fact that something must be done. And while this is not the first time this has been said, let us hope and see that this time it is not only put into words, but into deeds.

During the past week, several meetings were held with leading comrades in an endeavor, finally, to consider seriously the united front policy. It must be said that it took long before we succeeded in getting a "leader" down to Boston and when Burochovitch finally came he received, together with a warm welcome, the well-deserved criticism to the G. E. B. for the many shortcomings as well as for sending away some of the heads to Russia during a period of such acute struggles. At a time when the furriers in New York and the cloak and dress makers throughout the industry needed leadership the most, no leader could spare three days in Boston but could spend nine months in the Soviet Union —with the result that the needle trades suffered severely. And today we have a shadow of what once promised to be a broad movement. However, this shadow still has life and needs building up. Every thinking worker will agree that the needle trades union needs the immediate and intensive activity of all forces including the leadership. How, then, could Hyman leave for the Soviet Union with the farewell words: "When the workers will need me, I will come back"? When does Hyman think the time will be more pressing than the present? It is hardly believable that he thinks that the workers do not need him any longer, for he knows the situation thoroughly and also knows that the workers feel it too keenly to accept his statement literally. However, the future will undoubtedly tell the truth.

The united front question is not new and has received much mention but never been made clear to the minds of the workers. Consequently we often hear: "Yes, a united front, but how is it to be enforced?" This question intensified the interest of the workers to find out this time just what the leadership had to propose. When we came to the meeting and after Burochovitch spoke for an hour, he failed, as so many times in the past, to bring forth clearly this idea. Calling to the workers to organize shop committees, make this their fighting body that will demand conditions, that the workers are not compelled to join the Industrial Union is not enough to clarify to the workers the united front policy. We must in a united front draw up a slogan for demands. Together with the Right wing workers who are still deceived by their corrupt leaders, bring our demands to these leaders, emphasizing that they shal not sign agreements for us without fighting for our conditions. and if they will not do this then we will fight without them and against them.

The active membership meeting was followed by a mass meeting with Gold. This meeting of about four hundred workers, the majority of whom are Right wingers, again proved that the existing conditions are opening the eyes of the workers to the realization that only the unity of all workers can lead them to victory. It was precisely with this in mind that so many answered the call to pave the way for successful struggles in the coming season when the agreements with the bosses expire in February. It was here that our speakers had a splendid opportunity to bring forward more clearly our policy to the workers, and failed again to some extent.

However, let us call this the beginning of real earnest activity. Let us not neglect it as in the past. The time is now. Forward to a genuine united front of all workers in our coming struggles for victory.

—C.

REWARD!

From the October number of the trade journal of the "American Association for the Care of Pyromaniacs, Adenoidals, Monomaniacs, Paranoiacs and the Generally Mentally Infirm", we learn that the reward of fifty dollars for the capture, alive, breathing, or dead of Harrison George, is still being offered. The reward holds good whether he is apprehended under his own name or under an alias. Unemployed workers, take notice.

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EDITORIAL NOTES

LAYING THE FOUNDATIONS

With the publication of the forthcoming bock on the Chinese revolution, which the Pioneer Publishers are now getting ready for the press, the American section of the Opposition will record another substantial achievement. It belongs among the fundamental and most important Marxist documents written in the heat of struggle in the Communist International since Lenin departed from its leadership. We have regarded the publication of all these historic documents as one of our first and foremost tasks. The volume on China rounds out the great series of books and pamphlets from the pen of comrade Trotsky in the past period which will stand for all the time among the classics of our movement. It is with such weapons that the proletarian wing of the party will fight its way to victory. By its stubborn concentration on this simple and prosaic work of publication, by its refusal to be diverted from it by any kind of charlatan promises of cheap success and easy victory, the Opposition is bringing its first, and therefore its most essential, task to a successful fruition. In this way we are laying the ideological foundations of the future movement, upon which it will stand, steadfast and sure, in the stormy days to come. There are people around the fringes of the Communist League who looked down upon this "publishing business" and ridiculed our concentration on it. The Opposition was fortunate in disregarding the pretensions of those who talk only of spectacular undertakings and overlook the essential task in hand. First things come first.

There are illustrious examples of the same point of view. The founders of scientific Communism, who had a few ideas and even some great ones, were not above the simple task of assembling the technical means to publish their doctrines when that task stood first on the order of the day. In the trial number of the **Kommunistische Zeitschrift,** issued in September 1847 under the direction of Marx and Engels, one can read the modest announcemnt of a project not unlike the one which has engaged our efforts:

"Both intellectuals and manual workers promised their collaboration [in publishing the paper]. Yet we hesitated lest after a very short period of activity, publication should cease for lack of funds. It was finally suggested that we acquire a printing press of our own so as to give the venture a more stable foundation. A subscription list was opened . . . and in a short time the sum of 25 pounds was collected. The money permitted us to have the necessary type brought from Germany; our compositor members have set up the issue gratuituously; and here in actual fact is the first number of our paper . . . We still lack a printing press, but as soon as we have money we intend to purchase one. Then our printing establishment will be in a position, not only to run off our newspaper, but likewise to print the pamphlets necessary for the defense of the proletariat."

That is the way we are proceeding, too. We also undertook "to print the pamphlets necessary for the defense of the proletariat". With the slenderest means and with economies and sacrifices not unlike those described in the **Kommunistiche Zeitschrift,** we have accomplished a part of the task. And we are still working along the same line.

HAIL, YOUNG SPARTACUS!

One of the first positive results of our national conference is the discussion of the National Committee, in agreement with the newly-appointed National Youth Committee, to lauch an independent club for young workers in New York and to begin the publication of a special youth paper. With this the Communist League will begin a momentous experiment which will call out the intense interest and warm sympathy of all who fight under our banner. So far as we know we will be the first section of the International Left Opposition to form such an organization and to come out with a special organ appealing to the proletarian youth. We are pioneering on a new field in the world-wide struggle of the Marxian wing of the movement. But all the circumstances warrant the step, and we are confident that the results will quickly vindicate it.

The situation and the special problems confronting the Communist youth are not the same as those of the adult movement, or at any rate they are not exactly the same; and it is from this circumstance that different tactical and organizational methods flow. The Opposition youth remain—as the conference resolution said—a faction of the Young Communist League as our organization is a faction of the party. But the relation of forces and a number of other conditions in the youth movement are far more favorable for independent action up to a certain point.

Stalinism has wrought devastation enough in the party, but in the Young Communist League the results have been truly catastrophic. On the other hand, the Marxian eduducational work of the Opposition has awakened a far wider response, speaking proportionally, in the ranks of the Communist youth than in the adult organization. And this is not without valid reasons. The youth are not, and in the nature of things cannot, be weighted down with as hard and heavy a crust of bureaucratic cynicism as is the case in the party. The youth react more sensitively to revolutionary ideas. The youth are the barometer, as Trotsky said at the beginning of the struggle against bureaucratism in 1923. All our experience in America supports this idea. We do no boasting. We have never deceived ourselves or others with exaggerated claims. But we can say with absolute confidence that the flower of the Communist youth in America are already enrolled in the ranks of the Opposition. A bold step forward is now justified and necessary.

If the youth work the Opposition is now undertaking on a wider scale has an admittedly experimental character, the same can be said with no less justice of all that has been attempted up to now in this domain by the party, and even by the Comintern. We maintain that the problem of effective work among the youth has not yet been solved in the capitalist countries, and under the regime of the epigones it has been cynically mismanaged and abused. They have been corrupting and perverting the revolutionary youth, training young bureaucrats as Fagin trained young thieves. What is wanted is the education of a cadre of frank and honest young worker-revolutionists able to organize and lead a proletarian mass movement. This task belongs to the Marxian Opposition. It will bring new methods and a new spirit to the work.

We expect that the first issue of the youth paper of the Opposition—the plans for which are already under way and which it is to be hoped will not long be delayed—will reflect this new spirit and be welcomed in the youth movement like a fresh breeze. To do this it will not have to borrow anything from the **Young Worker,** that pallid and unhealthy caricature of grown-up Stalinism at its worst. The aim which we and our young collaborators aspire to is to make a real youth paper, to interest young workers and not to command them, to convince and educate them and not to herd them like sheep for a faction that has no ideas. No pretensions, no diplomacy, no high-politics, no slavish aping of the big-talk of the elders, but a young Communists' paper for young workers.

In deciding to call the new paper **Young Spartacus,** the joint committee has endowed it with an inspiring historic name. The name of the great leader of the colossal slave revolts of antiquity was the banner around which Liebknecht and Luxembourg assembled the dispersed vanguard of the German proletariat. It can well become the symbol of the revolt of Communist youth against the corrupting influence of Stalinism, and their assault against the capitalist order. The name imposes obligations. We are convinced that the young militants of the Opposition will fulfill them. In their great undertaking they will have the unqualified support of every member of the Communist League. —J. P. C.

A LETTER TO COMRADES BY LEON TROTSKY

The Question of Workers' Control of Production

(Continued from Last Issue)

The epigones have purely mechanically accepted the idea that workers' control of production, like Soviets, can only be carried out under revolutionary conditions. Were the Stalinists to attempt to bring their prejudices into a definite system, they would probably argue as follows: Workers' control as a sort of economic dual power is inconceivable without political dual power in the country, which in turn, is inconceivable without the Soviets being counterposed to the bourgeois power; consequently—the Stalinists would conclude—the slogan of workers' control of production is admissable only simultaneously with the slogan of Soviets.

From all that has been said above, it proceeds clearly how false, schematic, and how lifeless is such a construction. In practise, it results in the unique ultimatum which the party puts to the workers: I, the party, will allow you to fight for workers' control only in the event that you are prepared simultaneously to build up Soviets. But this is precisely what is involved—that these two processes must in no case run absolutely parallel and simultaneously. Under the influence of crises, unemployment and predatory manipulations of the capitalists, the working class in its majority may be prepared to fight for the abolition of business secrecy and for control over banks, commerce and production even before they have reached an understanding of the revolutionary conquest of power.

Two Ways Out

Taking the path of control of production, the proletariat will inevitably have to advance further in the direction of the seizure of power and of the means of production. Questions of credits, of raw materials, of markets alternately lead the control beyond the walls of the isolated enterprise. In a country as highly developed industrially as Germany, the questions of exports and imports alone suffice to elevate workers' control immediately to the level of state tasks and to counterpose the central organs of workers' control to the official organs of the bourgeois state. The essentially irreconcilable contradictions of the regime of workers' control will have to be accentuated to the degree that its sphere of influence and its tasks are extended, thereupon to show themselves promptly as intolerable. A way out of these contradictions can be found either in the capture of power by the proletariat (Russia) or in the Fascist counter-revolution, which establishes the naked dictatorship of capital (Italy). It is precisely in Germany, with its strong social democracy, that the struggle for the workers' control of production will in all probability be the first stake of the revolutionary united front of the workers, which precedes the open struggle for power.

Should the slogan of workers' control, however, be raised right now? Is the revolutionary situation "ripe" for it? This question is hard to answer. There is no measuring instrument which would permit the determination, once and for all, of the degree of the revolutionary situation. One is compelled to check it up by deeds, in struggle, with the aid of the most variegated measuring instruments. One of these instruments, under the given conditions perhaps one of the most important, is precisely the slogan of the workers' control of production.

The significance of this slogan lies primarily in the fact that on the basis of it, the united front of the Communist workers with the social democratic, non-party, Christian and other workers, can be prepared. The attitude of the social democratic workers is decisive. The revolutionary united front of the Communists with the social democrats—that is the fundamental political condition which is lacking in Germany for the immediate revolutionary situation. The presehce of a strong Fascism is surely a serious obstacle on the road to victory. Yet, Fascism can retain its power of attraction only because the proletariat is split up and weak, and because it lacks the possibility of leading the German people on the road to the victorious revolution. The revolutionary united front of the working class already signifies, in itself, the political death blow for Fascism.

For this reason, be it said in passing, the policy of the Communist Party of Germany leadership in the question of the referendum bears an all the more criminal character. The most rabid foe could not have thought up a surer way of inciting the social democratic workers against the Communist party and of holding up the progress of the policy of the revolutionary united front.

Necessary Prepartions

Now this mistake must be made good again. The slogan of workers' control can be of extraordinary aid in this regard. However, it must be approached correctly. Advanced without the necessary preparation, as a bureaucratic command, the slogan of workers' control may not only prove to be a blank shot, but discredit the party even more strongly in the eyes of the working masses and undermine the confidence in it also of those workers who still vote for it today. Before this highly responsible fighting slogan is raised, the situation must be read well and the ground for it prepared.

We must begin from below, from the factory, from the workshop. The questions must be scrutinized and adapted to certain typical industrial, banking and commercial enterprises. Especially crass cases of speculation must be taken as a point of departure, veiled lock-outs. mendacious diminution of profits aimed at reductions of wages or mendacious exaggeration of production costs for the same purpose, and so forth. In the factory which has fallen victim to such machinations, the Communist workers must be the ones through whom are felt the moods of the rest of the working masses, above all, of the social democratic workers: to what extent they would be ready to accept the demand to abrogate business secrecy and to establish workers' control of production. Using the occasion of particularly crass individual cases, we must begin to conduct propaganda persistently with a purely positive way of putting the question, and in this way measure the power of resistance of social democratic conservatism. This would be one of the best ways of establishing to what degree the revolutionary situation has "ripened."

The preliminary feeling out of the ground assumes a simultaneous theoretical and propagandistic elaboration of the question of the party, a serious and objective instructing of the advanced workers, in the first place, of the factory councils members, of the prominent trade union workers, etc. Only the course of this preparatory work, that is, the degree of its success, can show at what moment the party can pass over from propaganda to further agitation and to direct practical action under the slogan of workers' control.

The policy of the Left Opposition in this question follows clearly enough from what has been presented, at least in its essential features. It is a question in the first period of **propaganda** for the correct principled way of putting the question and at the same time of the **study** of the concrete conditions of the struggle for workers' control. The Opposition, on a small scale and to a modest degree corresponding to its forces, must take up the preparatory work which was characterized above as the next task of the party. On the basis of this task, the Opposition must seek contact with the Communists who are working in the factory councils and in the trade unions explain to them our views of the situation as a whole, and learn from them how our correct views on the development of the revolution are to be adopted to the relationships in the factory and the workshop.

* * * *

P. S. I wanted to close with this, only it occurs to me that the Stalinists might make the following objection: you are prepared to "dismiss" the slogan of Soviets for Germany; but you criticized us bitterly and branded us because at one time we refused to proclaim the slogan of Soviets in China. In reality, such an "objection" is only base sophism, which is founded on the same organizational fetishism, that is, upon the identification of the class essence with the organizational form. Had the Stalinists declared at that time that there were reasons in China which hindered the application of the Soviet form, and had they recommended some other organizational form of the revolutionary united front of the masses, one more adaptable to Chinese conditions, we would naturally rave met such a proposal with the greatest attention. But we were recommended to replace the Soviets with the Kuo Min Tang, that is, by the enslavement of the workers to the capitalists. The dispute was over the class content of an organization and not over its organizational "technique". But we must promptly add to this that precisely in China there were no subjective obstacles at all for the Soviets, if we take into consideration the consciousness of the masses, and not that of Stalin's allies of that time, Chiang Kai-Shek and Wang Chin Wei. The Chinese workers have no social democratic, conservative traditions. The enthusiasm for the Soviet Union was truly universal. Even the present-day peasants' movement in China strives to adopt Soviet forms. All the more general was the striving of the masses for Soviets in the years 1925-1927.

August 20, 1931.

THE BANKING CRISIS IN THE UNITED STATES

(Continued from page 1)

So far as volume of industrial production and wholesale prices go, therefore, the creation of paper values in the form of bank deposits and of bank credit, short term in the form of loans and discounts and long term in the form of investments, ran ahead of the production of real commodity values. In short, generally speaking, the period was one of financial inflation.

3. This must be understood, however, not merely formally, but dialectically, in its relation to the development of capitalism in America during this period to a higher level, that of imperialism, in the Leninist sense which includes financial concentration toward the formation of a financial oligarchy, increasing monopolization of industry, and increasing hegemony of finance-capital over capital as a whole. This involves the transformation of increasingly large proportions of capital into the form of stocks and bonds, facilitating bankers' control.

Lenin says, "Finance-capital, concentrated in a few hands and exercising a virtual monopoly, exacts enormous and ever-increasing profits from the floating of companies, issue of stock, State loans, etc., tightening up the grip of financial oligarchies and levying a tribute on the whole of society . . . The extraordinary high rate of profit from the issue of securities, which is one of the chief functions of finance-capital, plays a large part in the development and stabilization of the financial oligarchy . . . Imperialism or the rule of finance-capital in which this separation [of finance-capital] from industrial capital] reaches vast proportions. The supremacy of finance-capital over all other forms of capital means the rule of the investor and of financial oligarchy. . . ."

Between 1921 and 1930, there were issued in the United States over 5 billion dollars of foreign government loans; 53.3 billions of corporation securities, of which 19 billions were stock and 34.3 billions bonds, including 9.5 billions of refunding issues to pay off old securities, which should be deducted from the 53.3 billion total; and 4 millions of real estate mortgage bondsd.

This tremendous outpouring of capital did not represent actual savings, or real surplus values created during the period, but rather paper values created by the banks. As indicated by the discrepancy between the increase in industrial production and the increase in bank deposits and credits, this was a period during which paper values rose faster than real values.

Bank Assets

4. To confirm this, let us examine the character of the assets of the banks, and see what changes they underwent during the boom. We shall confine our attention to the national banks, having 40% of the resources of all banks combined, because they are under the jurisdiction of one authority, the Comptroller of the Currency, rather than the state banks, regulated by 48 sets of banking authorities.

In June 1921, loans constituted 57% of the total assets of the national banks; by 1929 the percentage had been reduced to less than 50%. During the same period, investments increased from 20 to 25%.

In other words, the banks were tending to lend less, and put more of their money into securities. Of the loans themselves, in 1921, 23.7% were secured by stocks and bonds—by 1929, 37% were so secured. Of the loans secured by stocks and bonds, 7.9% were secured by U. S. government bonds in 1921, 2.5% by 1929.

Simultaneously, the proportion of loans represented by ordinary commercial loans declined from 69.2% in 1921 to 48.2% in 1929. Remembering what was said in the previous article of this series, that only loans based on legitimate commercial transactions or upon U. S. government bonds are eligible for rediscount with the Federal Reserve banks, it is clear that the percentage of loans eligible for rediscount would have to decline during this period, from 30.6% in 1921 to 19.4% in 1929.

The foregoing makes clear the extent to which the enormous distribution of securities during the big boom was based on manufactured bank credit, and consequently the extent to which the financial structure of the banks was based on the security inflation accompanying the boom.

Another feature of the same situation was the fact that many corporaions, which were successfully selling their stocks and bonds at high prices to investors, used the cash which they received, first to pay off bank loans, second to put their treasuries in such position that they have less need than ever before to borrow from the banks for their ordinary commercial transactions. This further intensifies the tendency for the banks to have relatively little commercial paper among their assets, and relatively large amounts of finance paper, based on stock and bond transactions.

Financial Effects of the Crisis

Comparatively little of the loans based on this inflated paper has been paid off. Federal Reserve member banks had outstanding at the end of August 1931, 14.4 billions of loans and discounts, against 16.8 billions in August 1930 and 16.9 billions in August 1929, near the peak of the boom. The other major form of bank credit, in long term investments, actually increased from 5.5 billions in August 1929 to 6.3 billions in August 1930 and 7.7 billions in August 1931. This in the face of a very rapid depreciation during these two years in the prices of stocks and bonds meant that the banks were not taking their losses and writing off their loans, but have been consistently fighting to maintain the dollar value of their participation in the boom and consequently obtain a greatly increased proportion of the effective economic strength of the country.

During the crisis, there has been manifested a great tendency to hoard money, both by little depositors, scared by the frequency of bank failures, and by banks themselves, who have need to keep more cash in their vaults to meet the possibility of an unexpected run. The latest Federal Reserve statement, for Oct. 14, 1931, shows money in circulation of 5.5 billions. A year ago there were in circulation 4.5 billions. Considering the extent to which the crisis has deepened during this period, it would have seemed reasonable to expect a drop in circulation of several hundred millions dollars instead of an increase of a billion. About one to one and a quarter billions are evidently being hoarded, mostly in the form of Federal Reserve notes, rather than gold. On Oct. 14, 1931, total gold reserves in the Federal Reserve system were 3 billion dollars against 3.1 billions the year before: General Reserve bank notes, however, were outstanding in the amount of 2.3 billion dollars against 1.3 billions a year ago.

This increase in note issues, based on hoarding, was all right as long as gold kept coming into the country. The gold holdings of the United States, which ranged from 3 to 3.7 billions in 1921, steadily increased to 4.9 billions in 1924, declined during the period of active financing of foreign countries in 1925-7 to a low of 4.1 billions in 1928, from which point they increased steadily until by the first week of September 1931, American gold holdings were over 5 billions, the highest figure in history, and fully a half-billion higher than a year ago.

The Federal Reserve banks utilized this situation to try to stimulate business by keeping money rates low, using the two chief weapons which we discussed in the previous article, manipulation of the rediscount rate and the purchase of commercial paper and government bonds in the open market, thus pumping money into the market to pay for their purchases.

The rediscount rate of the New York Federal Reserve Bank, which had been 4 1-2% at the beginning of 1930, was forced down to 2% by the end of the year, and further reduced in April, 1931, to 1 1-2%, the lowest rate in history.

The theory of the maneuver was that the low interest rates would tempt capitalists to borrow and make the banks eager to lend.

What actually happened was that, in view of the fear of the public, which was pulling out deposits and harding bills, and the sharp decline in prices of investment securities based on the continued low profits of corporations, the banks themselves felt their position, loaded as they were with stocks and bonds, and with loans based on stocks and bonds, was none too safe. Accordingly, they began calling in old loans, replacing them in lesser amounts with new loans, holding back from new loans as much as possible, and building up their cash reserves, and their holdings of such assets as are very "liquid", i. e., readily exchangeable for money—government bonds, short-term loans, etc. The most recent statements of some of the largest banks in New York City have been showing 50 to 60% of their total resources in cash or assets equivalent to cash—that is, they were half-way or more out of the banking business, and merely serving the same purpose as an old sock, as a place to put money into, without participating in the process of circulation of capital which is the fundamental function of a bank.

The low interest rates prevailing imposed little penalty on the banks for these overcautious policies, but instead, actually made it harder for the capitalist to borow than before. Whatever good loans they had they keep to themselves, instead of turning them over to the Federal Reserve banks either by rediscount or by sale in the market.

Increased Gold Need

The large amount of Federal Reserve notes outstanding, as a result of hoarding, the relatively large deposits of member banks with the Federal Reserve banks, as a result of the banks' policy of resistance to deflation of their credits and deposits, meant that Federal Reserve banks would need great quantities of gold to maintain the minimum legal reserve requirements of 35% against deposits and 40% against note issues. As to the notes, the 40% gold reserve is a minimum only when the Federal Reserve banks can make up the additional 60% of the amount of notes issued by means of eligible commerical paper. The less of such paper the Federal Reserve banks have, the more gold they need to fill in the gap.

For example, on Oct. 15, 1931 the twelve Federal Reserve banks combined had outstanding $1,372,000,000 of notes in circulation, to which should be added some 400 to 500 millions of notes issued but not in circulation, kept by the F. R. banks as "counter cash" to avoid having to pay out gold or gold certificates to their member banks. On the same date they had in their portfolios $210,000,000 of discounted bills, and $185,000,000 of bills bought in the open market, or total eligible paper of $395,000,000.

Taking the lower of the two figures for "counter cash", would leave total eligible paper at only 22% of the total notes issued. In other words, since gold plus eligible paper must equal the amount of notes issued, the effective minimum of gold reserves requirements against note issues as of Oct. 15, 1931, was 78 percent. and not 40 percent., because of the insufficient amount of eligible paper, in turn due to the fact that the banks were loaded up with ineligible finance paper.

This situation, as said above, was perfectly comfortable as long as gold kept coming in. When England went off the gold standard on Sept. 20, however, a sharp reversal of the gold flow set in. The English capitalist, after a depreciation of 20% in the pound, found his American securities, expressed in dollars worth 20% more in pounds than before, while his French liabilities, expressed in francs, correspondingly weighed 20% more in pounds than before. Similarly with the other European nations which went off the gold standard.

It paid them to sell American securities, commercial paper, or anything else expressed in dollars, collect the proceeds in gold, and remit them to France to settle their obligations payable in francs. As a result, American stocks and bonds were heavily sold, commercial paper began to appear more freely in the market, and gold began to leave the United States for France. Up to Oct. 17, over $650,000,000 had been exported or earmarked (removed from domestic gold reserves and held for the disposition of a foreign bank), of which nearly 85% went to France.

The only thing for the Federal Reserve banks to do was to reserve their previous policies. Instead of buying government bonds, they sold; last week alone they sold 11 millions of these bonds, breaking the market in some issues 5 and 6 points in a week, a terrific decline for U. S. bonds, along with the selling brought out by the fact that the F. R. was selling. Instead of keeping interest rates low, they raised the rediscount rates a full 1% each in two successive weeks, bringing the New York rate up to 3 1-2%, and carrying all other forms of short-term interest rates, particularly the rate on commercial paper, up with them. The commercial paper rate for 4 to 6 months' paper, which had been steady at 2% since June, is now 4-4 1-2%.

As a result, the banks have been more eager to lend money—the penalty for keeping bank funds idle in cash is now 4% at least, instead of 1-2 of 1% to 1 1-2%, as a month ago. The Federal Reserve banks, as of Oct. 14, 1931, had on hand bills discounted and bought in the open market, together constituting its eligible paper available as collateral for Federal Reserve notes, of $1,358,000,000, against $1,045,000,000 a week ago and $396,000,000 a year ago.

Its gold reserves (including "lawful money" such as national bank notes) were $2,994,000,000 on Oct. 14, 1931, against $3,193,000,000 a week ago and $3,126,000,000 a year ago.

The F. R. system therefore lost $200 millions during the week, but because of the addition to its holdings of eligible paper was able to maintain its reserve position unimpaired. The test of the gold position of the F. R. is the "free gold", or excess of gold reserves over legal requirements. The "free gold" of the system on Oct. 14, 1931, amounted to some $670,000,000, about the same as a week ago, and only $90,000,000 less than a year ago, in spite of the increase of a billion dollars in note liabilities.

So far, therefore, we find that the defense of the gold standard has been successful in the face of huge gold exports and a vast amount of hoarding of money. The defense has cost so far, a severe break in U. S. government bonds, a tightening of money rates, and an extension of Federal Reserve credit on an enormous scale on very short notice, on an artificial basis. Still, the immediate emergency is being overcome.

The final article of this series will discuss the immediate perspectives for the further development of the banking crisis, with their probable bearings on the general economic crisis.

—B. J. FIELD.

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